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USSR REPORT

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CONTENTS

REPORT ON MAY MEETING OF CEMA COMMISSION ON STATISTICS

Moscow VESTNIK STATISTIKI in Russian No 8, 1980 pp 56-59

[Article by A. Leshchev: "Fruitful Cooperation Among CEMA Member Nations in the Area of Statistics"]

[Excerpts] The work of the Thirty-Fifth Session of the CEMA Permanent Commission on Statistics, which was held in Warsaw in the Polish People's Republic 27-30 May 1980, came to an end with the signing of the protocol.

The session was attended by representatives of member nations of the CEMA Permanent Commission on Statistics. In accordance with the agreement between the Council for Economic Mutual Assistance and the Government of the Socialist Federated Republic of Yugoslavia a delegation from the SFRY took part in the work at the session of the commission. Representatives from the secretariats of the UN, the EEC (European Economic Commission) and the IOL (International Organization of Labor) were also present.

In connection with the 110th anniversary of V.I. Lenin's birth, the commission was addressed by L.M. Volodarskiy, chairman of the commission and head of the USSR Central Statistical Administration.

The participants expressed their unanimous resolution to work under their communist and labor party, guidance to endow the cooperative effort of CEMA member nations with new statistical forms and methods that would more fully and effectively respond to problems of social and economic development among the member nations as well as the acceleration of their progress in developing socialism and communism.

The commission also discussed the information presented by its chairman "Concerning the Responsibilities of the CEMA Permanent Commission on Statistics Arising from the Resolutions Adopted by the CEMA Executive Committee at its 92rd, 94th and 95th Sessions." This information emphasized the commission's responsibility to further improve statistical record keeping for the manufacturing process involved in international specialization and cooperation, the need to further improve the organization of sessions of the commission and its agencies, and the need to further improve statistical information and increase its reliability.

At the commission's plenary session much attention was devoted to discussing the results derived from a comparison of the major cost indicators for the development of the national economies of SFRY and CEMA member nations based on 1978 data.

The comparison was made on the basis of such major synthetic indicators as utilized national income, the consumption fund, the accumulation fund and capital investments, the adjusted gross industrial product and gross and final agricultural production.

In carrying out this type of comparison many complex problems had to be resolved. Some of these were methodological in nature and dealt with the need for achieving uniformity in the contents of indicators being compared and with the need to convert them into comparable currency. Other problems were organizational in nature.

As a result of the comparisons of cost indicators on an international scale an extensive body of statistical data was amassed that was indispensible for CEMA member nations and for agencies of the Council for Economic Mutual Assistance in conducting a contrastive macroanalysis of the economic development of CEMA member nations. The comparable data on cost indicators that were obtained will be used to study the process of the gradual convergence and equalization of the levels of economic development of CEMA member nations, to make a joint prognosis of their economic development, to coordinate national economic plans, etc.

In addition to contrasting the above-mentioned indicators, the commission is currently engaged in preparing experimental calculations on the comparison of many new indicators, i.e. indicators of national income generated, the social productivity of labor, the overall consumption of material wealth and non-material services by the population and the final industrial product.

The commission discussed in detail and approved the system of indicators for social statistics developed at a conference of statistics specialists from CEMA member nations. The participants in this conference had examined a number of new problems connected with development of social statistic indicators. This system includes indicators that characterize certain demographic processes: the social make-up of the population, its occupations, income distribution and consumption by individual social groups within the population, education, medical service, housing and general living conditions, social security, working conditions, participation of the population in social and political life, environmental protection, etc. All of these indicators have been grouped into separate sub-systems, their contrasts have been coordinated and general or interrelated classifications, units of measurement, etc. have been adopted.

The commission noted that the system of indicators developed for social statistics reflects the relationship between indicators for social and economic statistics. The practical value of the system lies in the fact that it makes complex analyses of social phenomena possible and thus, on the basis of its indicators, data comparable on an international scale concerning social conditions and improvement of the population's living standards can be published.

The commission approved a coordinated list of statistical indicators characterizing capital investments earmarked for measures related to environmental protection and the rational utilization of natural resources. It also approved the methodological premises pertaining to these indicators. The need for developing such a list of indicators was conditioned by several factors: the desirability of providing a single unified concept of those capital investments connected with environmental protection measures and the rational utilization of natural resources and the need of establishing an accounting system for these capital investments so that comparable data might be

obtained from CEMA member nations dealing not only with environmental protection as a whole, but also with its specific elements. The latter is especially important for the resolution of the complex problems involved in the ecological policies of CEMA member nations.

The list includes statistical indicators characterizing capital investments for the following purposes: the protection and utilization of natural resources, the protection and rational utilization of land, the protection and rational utilization of timber, the protection and restocking of the fish population, the development and administration of preserves, the protection of the earth's interior and the rational utilization of mineral resources, the protection and rational utilization of water resources, the protection of the atmosphere and protection from noise.

The commission adopted a resolution which contained the following: a recommendation urging CEMA member nations to put the above-listed points into operation as of 1981, thereby insuring the comparability of statistical indicators dealing with capital investments for environmental protection when pertinent data is submitted to the agencies of the Council; a notification to the effect that the program for compiling statistical data for the council's agencies should undergo additional coordination in accordance with the standardized indicators; a decision for purposes of reciprocal mutual multilateral consultation to exchange in 1981 reports prepared by the delegations of the CEMA member nations concerning the status and prospects in the development of environmental statistics in their respective countries; a request to the secretariat of the council to develop during the first quarter of 1982 suggestions for new lines of cooperation among CEMA member nations involving problems of environmental statistics.

Experience in organizing the accounting for capital investments earmarked for environmental protection measures and the degree to which specific methodological problems have been developed varies among CEMA member nations, but they all have difficulties in collecting data to be reported. For that reason, in their addresses the delegations of the CEMA member nations expressed the opinion that the unified statistical indicators of capital investments earmarked for environmental protection measures should be introduced in stages into the body of statistical information exchanged among CEMA member nations.

During the first stage--beginning with the data reported for 1981--it would be advisable to organize among the nations an exchange of information concerning capital investments earmarked for carrying out measures dealing with the conservation and rational utilization of land, water resources and the atmosphere.

At a later date, with realistic possibilities taken into consideration, it would be desirable to organize data collection and on accounting system dealing with capital investments earmarked for carrying out measures concerning the conservation and rational utilization of forest resources and the fish supply, the development and administration of preserves and noise control. Presentation of this data to the secretariat of the council should also be organized.

The delegations from several nations expressed their support for the on-going development of statistics for capital investments earmarked for environmental protection measures. They placed first priority on the development of standardized indicators characterizing the activization of corresponding installations and projects (potentials), including the coordination of terminology necessary for these purposes and applicable to these installations and projects (potentials), to units for measuring them, etc.

The commission discussed in detail and approved the basic aims of the program prepared by the Socialist Republic of Vietnam delegation for rendering practical assistance in the area of statistics of the SRV. This document provides for the advanced training of SRV statisticians with college degrees through the organization of a network of courses and on-the-job training for SRV specialists in CEMA member nations; for rendering practical assistance to SRV specialists in statistics by sending experts from CEMA member nations to Vietnam; for rendering assistance to the SRV in developing methodological materials in the area of statistics and in creating automated systems for processing state statistics; for an exchange of information between the statistical agencies of the SRV and CEMA member nations; for reciprocal visitation and the exposure of Vietnamese statisticians to questions of statistical methodology, to the system of statistical indicators and to the organization of statistical work in CEMA member nations, and for other forms of collaboration as well.

Participants at the conference listened with great interest and attentiveness to the report of the PPR delegation entitled "The Informational Activity of State Statistical Agencies in the Polish People's Republic." The report gives a clear presentation of the great achievements in the development of statistics in People's Poland and in the improvement of the collection, processing and analysis of statistical data. State statistics in the PPR are successfully resolving the problem of supplying timely, reliable and scientifically sound statistical information concerning the status and development of the social, economic and cultural life of the country. The report gives a vivid picture of how the methods and forms of presenting statistical information changed and improved in conjunction with improvements in the methodology of statistical research and the development of computer technology.

The wonderful cultural and economic success of the fraternal Polish people that was achieved under the leadership of the Polish United Workers' Party during the time that the people's government has been in power is reflected as in a mirror in the statistical publications and editions of the Central Statistics Administration of the Polish People's Republic and its local agencies. The broad range of statistical information also attests to the great variety of activities of the state statistics agencies of People's Poland, which have been directed at improving and perfecting the initial statistical accounting the statistical indicator system and statistical methodology; at an in-depth and in-breadth expansion of statistical research and development; at developing a statistical information system in the country; at improving the quality of individual publications, and at curtailing the time required to produce them.

Polish statisticians pay special attention to automation in the collection, processing and transmission of information and to a rational utilization of various devices in modern computer technology, which leads to a reduction in the time needed to process and publish information, to an improvement in the quality of analysis, that is, an increase in the level of economic activity of the state statistical agencies, and to a more complete fulfillment of the needs of the governing administrative and planning bodies, scientific research institutes, social organizations and the general public for scientifically sound, dependable, composite information in the area of economic statistics dealing with the status and development of the culture and economy.

The report presents the projected development of statistics in the Polish People's Republic and points out directions to be pursued in improving the statistical information system. Specifically, there are plans for an in-depth and in-breadth expansion of the overall analysis and for the initiation of new quarterly information dealing with the most vital problems in the economic development of the country. There are also plans for improving the procedures in drawing up a balance sheet for the economy and for the on-going introduction of data banks as the most effective method for the storage and presentation of information. Attaching great significance to its contacts with international economic organizations regarding statistical cooperation, the CEMA Permanent Commission on Statistics examined the proposed program of collaboration for the 1981-1982 period between the Secretariat of the Council for Economic Mutual Assistance and the Secretariat for the European Economic Commission of the UN.

Collaboration in the area of statistics is effected by the commission in accordance with the CEMA plan for contacts with international economic, scientific and technical organizations, which is approved annually by the executive committee of the council. This plan is based on the program of concrete measures previously agreed upon by representatives from the secretariats of CEMA and EEC at regularly held consultative meetings. At present, preparations are being made for conducting the fourth consultative meeting of representatives of the CEMA and EEC secretariats for coordinating concrete measures of collaboration for 1980-1981.

On the whole, the proposed program of collaboration for 1980-1981 retains the same priorities which had been defined for 1979-1980. Among these are coordination of the nomenclature and classifications applicable to the economic activity of nations with different socio-economic systems; an improvement in the national economic balance sheet and the subsequent utilization of the results connected with this in conducting studies regarding the coordination of SMP-SNS [expansion unknown]; an exchange of experiece on questions of methodology and equipment used in international comparisons of leading cost indicators; a determination and coordination of basic concepts and definitions used in the classifications and terminology employed by UN and CEMA member nations, particularly through the compilation of glossaries of terms used in agricultural statistics and other areas of statistics; an exchange of experience regarding creation of an integrated system of indicators in the area of socio-demographic statistics; the improvement and coordination of indicators, concepts and definitions used in environmental statistics; and an exchange of experience in the area of automated processing of statistical data.

The proposed program of collaboration includes also such long-standing forms of cooperation as the joint participation of representatives from the CEMA and EEC secretariats in the plenary sessions of their statistical agencies, the holding of the fifth routine consultative meeting of secretariat representatives for discussing problems of cooperation, the exchange of publications on statistics and methodological documents, etc. There is an agreement in principle between the CEMA and EEC secretariats that measures stipulated in the biennial program of collaboration may be amended and redefined as part of the agenda of joint consultative meetings, provided the two sides consider this to be necessary.

The commission noted that further improvement and in-depth development of collaboration between the CEMA and EEC secretariats in the area of statistics furthers the formation of the propositions to be included in the concluding statement of the Conferences on Security and Collaboration in Europe; these propositions deal with the development of multilateral collaboration among European nations with different socio-economic systems.

The commission also discussed the following documents:

"Concerning Fundamental Propositions in the Structure and Contents of Technical Documentation for the ASGS [Automated System of State Statistics]." This document will be used as standardized scientific method material in the development of technical documentation on for the stage by stage formation of automated systems of state statistics in CEMA member nations, with specific national conditions taken into consideration.

"Concerning the Results of a Study on the Comparability of Data Appearing in the Publications of the CEMA Secretariat." The commission noted the need to continue this work and in addition made recommendations to the national delegations to conduct consultative meetings annually if necessary for purposes of reviewing and clarifying statistical data on reciprocal commodity turnover (export and import of goods) during the preceding year.

"Concerning Clarification of Methodological Explanations Connected with Specific Indicators in Statistical Publications Issued by the CEMA Secretariat." The commission approved this document and made recommendations to the CEMA member nations to be guided by it in presenting pertinent statistical data to CEMA agencies. Furthermore, it instructed the Division of Statistics of the CEMA Secretariat to study the problem of further improvement in the methodological propositions involved in the computation of labor productivity indicators in the area of transportation statistics.

"Concerning Conformity to Recommendations Made by the Commission on the Use of Sector Classification for the National Economies of CEMA Member Nations." The commission noted that on the whole the recommendations adopted by it are being carried out. This assures the contrastability of data presented in the statistical materials published by the CEMA Secretariat and thus produces a basis for international comparisons of key statistical indicators.

The session of the CEMA Permanent Commission on Statistics was conducted in an atmosphere of friendship and complete mutual understanding.

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CSO: 1825

CEMA CONFEREES DISCUSS AUTOMATIZATION OF GOVERNMENT PLANS

Moscow PLANOVOYE KHOZYAYSTVO in Russian No 10, Oct 80 pp 124-125

[Article by V. Nikitin and Ya. Urinson: "Conference of Experts on Questions of the Construction and Application of Automated Systems of Planning Calculations of Governmental Planning Bodies of CEMA Member Nations"]

[Text] The Conference of Experts on the Questions of Construction and Application of Automated Systems for Planning Calculations of the Governmental Planning Bodies of the CEMA Member Nations took place in April 1980 in Tashkent within the purview of the CEMA Committee on Cooperation in the Field of Planning Activities.

Taking part in it were delegations headed by N. Naydenovyy (People's Republic of Bulgaria, deputy chairman for the State Planning Committee); A. Vagi (Hungarian People's Republic, department head of the Institute for Economic Planning); G. Fayks (GDR, department head of the State Planning Commission); Kh. Barrera (Republic of Cuba, director of the Computer Technology Administration of the Central Planning Council); U. Bolde-Erdene (Mongolian People's Republic, department head of the State Planning Commission); Ya. Kramarchuk (Polish People's Republic, general director of the Government Computer Center for the Planning Commission of the Soviet of Ministers); Kh. Menesku (Socialist Republic of Rumania, director of the Electronic Computer Center of the State Planning Committee); N. P. Lebedinskiy (USSR, department chairman of the State Planning Commission, USSR); L. Krzhemechek (CSSR, director of the Computer Technology Institute of the State Planning Commission) and the chairman of the CEMA Secretariat, Yu. V. Borodin.

N. P. Lebedinskiy opened the conference. He stressed the great significance which is given in our country to the questions of the practical use of electronic computer technology and economic-mathematical methods in the improvement of planning, and also noted that the accumulated experience of the cooperation of the planning bodies of the CEMA member nations in the field of development of automated planning systems attests to the mutual benefit of the present bilateral relations. N. P. Lebedinskiy expressed conviction that the further development of cooperation in this field on a multilateral basis will facilitate the successful resolution of the planning modernization tasks facing our countries.

K. A. Akhmedov, deputy chairman of the Soviet of Ministers and chairman of the State Planning Commission of the Uzbek SSR greeted the conference participants.

In plenary meetings, the conference participants exchanged information on the state, the problems and the prospects for the building of automated planning calculation systems for the state planning bodies of the CEMA member nations. With consideration of the expressed opinions, the editorial group formed by the conference (the chairman is the first deputy assistant to the head of the Main Computer Center of the State Planning Commission USSR, V. B. Bezrukov), prepared and approved the following: generalized material on "Methods for Construction and Experience in the Use of Automated Planning Calculation Systems of the Governmental Planning Bodies of the CEMA Member Nations"; proposals for a program for the exchange of experience in the cited field for the period from 1982 to 1984 and a draft resolution of these questions for the upcoming 11th Conference of the Assistants to the Chairmen of the Central Planning Bodies and other responsible figures, who are in charge of questions on the improvement of planning and management systems of the economies of the CEMA member nations.

The generalized material notes that in the planning bodies of the CEMA member nations, great attention is given to the development and application of economic-mathematical methods and electronic computer technology for purposes of planning modernization. The works in the CEMA member nations in this field are identical in their initial theses and final goals. Thus, the necessity for the complex solution of the problem of automating planning with consideration of its methodological, informational, mathematical, technological and other aspects and the expedience of sequential introduction of the methods and means being developed for information processing into the practice of planning, both for resolution of traditional, as well as basically new economic planning problems, are generally recognized. In this, the basic goals of planning process automation lie in an increase in the balance and the operability of planning calculations, more complete coordination of the indicators of various sectors of the state plan, the provision of multiple variance of the basis and optimization of the planning decisions, improvement in the follow-up for plan fulfillment and the development of a planning information base.

Within these general theses, two approaches to their implementation may be isolated. The first is oriented towards the systemic application of economic-mathematical methods and electronic computer technology in planning and contemplates the development of a general concept for the construction of automated systems of planning calculations, whose stage by stage realization provides a sequential improvement in the planning practice. In this case, the design and introduction of automated systems into the work of the planning bodies are being conducted according to a common long-range plan, parallel to all of its supporting subsystems and functional assignments in conditions of a clearly determined organizational structure. The second approach gives preference to local automation of planning calculations and independent development of separate software. The central planning bodies of the CEMA member nations, who support this approach, are basically developing short-term programs for the automation of planning calculations in order to solve the next urgent problems.

It is indicated in the generalized material being considered that the economic-mathematical models being developed and used in the central planning bodies of the CEMA member nations are designed, chiefly, for medium and long-range planning calculations. Modeling methods in the annual planning mode are used in the planning bodies of the GDR, the Polish People's Republic and the USSR.

Interindustry balance of payments, industry and complex optimizational, economic, as well as simple regressive models, have received the greatest dissemination.

Cost and real-cost interindustry balance of payments models are composed by the planning bodies of a majority of the CEMA member nations and are used basically for justification of control figures for the last year of the long-range plan. Dynamic interindustry models are used by the specialists of the planning bodies of the People's Republic of Bulgaria, the Hungarian People's Republic, the Socialist Republic of Rumania and the USSR at the national economic level and in the People's Republic of Bulgaria, the Polish People's Republic, the Socialist Republic of Rumania and the USSR at the industry level as well, and in the Socialist Republic of Rumania, at the level of individual objects of capital construction. An optimizational model for the development and distribution of agriculture is prepared in the State Planning Commission of the Mongolian People's Republic.

The econometric models being created in a number of CEMA member nations are used in the planning bodies, either as an instrument of so-called passive prediction, or in an imitational mode.

The simplest regressive models, especially trend models, find use for the prediction of individual indicators in the planning bodies of the Hungarian People's Republic, the GDR, the Polish People's Republic, the Socialist Republic of Rumania and the CSSR.

In the general opinion of the experts, the economic-mathematical models are used most widely in the activity of the planning bodies of the Hungarian People's Republic, the Polish People's Republic and the USSR. There are also extensive works in these countries and in the CSSR for the formation of systems of economic-mathematical models.

The generalized material gives the characteristics of the universal system software available in the planning bodies of the CEMA member nations. It is noted, in particular, that the pool of electronic computers consists basically, of third generation electronic computers with a capacity in their operational storage devices of no less than 512 kilobytes and magnetic disk storage devices with varying capacity (from 7.25 to 100 megabytes). Moreover, minicomputers are widely used in a number of countries. In the majority of the computer centers of the planning bodies of the CEMA member nations, modern softwear is used, where the use of multiprogram operational systems and programming systems based on Programming Language 1, FORTRAN, COBOL and others is common for all computer centers.

Works in the field of building automated data banks for the planning organs of the CEMA member nations are directed towards the formation of integrated data bases for complexes of tasks, designed according to unified, methodological principles, which have a common logic structure and which function in the framework of a common system for data bank management.

The proposals under the program for cooperation from 1982 to 1984, developed in the course of discussions and with consideration of the directions in the further works for planning automation in the CEMA country members, include the following basic themes: organizational principles and methodology for the development of automated planning calculation systems; the use of economic-mathematical models to improve planning; problems of information support, the creation of data banks and the development of technical and economic information classification systems and the experience in the practical use of automated planning calculation systems in planning operations.

The conference participants expressed satisfaction in its results, which will facilitate the practical solution of tasks which face socialistic countries in the field of planning modernization based on the use of modern electronic computer technology and economic-mathematical methods.

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GDR EMBASSY OFFICIAL WRITES ON USSR-GDR ECONOMIC COOPERATION

LD2811147 Moscow EKONOMICHESKAYA GAZETA in Russian No 41, Oct 80 signed to press 8 Oct 80 p 20

[Article by Wolfgang Brakowski, counselor-envoy of the GDR Embassy in the USSR, under the "In the Countries of Socialism" rubric: "GDR: The People's Constructive Labor"]

[Excerpts] The GDR working people are commemorating the 31st anniversary of the formation of their socialist state and the 5th anniversary of the signing of the GDR-USSR Treaty on Friendship, Cooperation and Mutual Assistance.

Friendship Treaty in Action

The celebration of the GDR's birthday coincides with the fifth anniversary of the GDR-USSR Treaty on Friendship, Cooperation and Mutual Assistance signed by Comrade Erich Honecker and Comrade Leonid Brezhnev in Moscow on 7 October 1975.

The experience of history convincingly confirms that the friendly alliance with the USSR was and remains a vital basis for the GDR, a decisive foundation and guarantee of its socialist present and communist future. The great, historic feat of liberation by the Soviet country's illustrious daughters and sons who routed Hitlerite fascism and thereby opened our people's way to a new life, will be eternally preserved in our hearts.

During the friendly meeting in the Crimea last August, Comrades E. Honecker and L.I Brezhnev analyzed jointly the path which had been taken and noted that during past decades the CPSU and SED had performed enormous political work as a result of which the peoples of the Soviet Union and the GDR have become allies, comrades in arms and friends.

Relations between our countries are based on a firm foundation. This foundation consists of multifaceted and intensive party, state and public ties, close ideological cooperation and a constantly growing mutual cooperation in the economic sphere.

The Friendship, Cooperation and Mutual Assistance Treaty is being successfully implemented. Its effect is demonstrated vividly in the long-term program of production sharing and specialization between both countries up to 1990 which was signed 1 year ago in Berlin. This program, which is being coordinated with the

long-term, targeted programs for cooperation between the CEMA member countries, is aimed at expediting scientific and technical progress in decisive sectors of production, at the broad introduction of microelectronics, at the rational production and use of energy and at the creation of new production processes and equipment for the chemical industry and machine building.

The long-term program and the elaboration, on that basis, of a broad range of integrated measures for the forthcoming 5-year period are a contribution by the GDR and the USSR to the further stepping up of cooperation within the framework of CEMA to which our country has belonged since September 1950.

Foreign trade ties between the GDR and the USSR are developing successfully. The volume of reciprocal commodity turnover between both countries will reach R9 billion this year and will be 37 times higher than the 1949 level. In reciprocal trade, moreover, the proportion of manufactured articles produced on the basis of specialization and coproduction agreements is increasing considerably. Thus, in 1980, this proportion amounted to 35 percent as against 0.7 percent in 1970, and as much as 50 percent of reciprocal deliveries of machine building products.

A protocol was signed in February this year on the results of the coordination of both countries' national economic plans for the period up to 1985 which is of tremendous significance for the formulation of the GDR's national economic plan for the new 5-year period. And this is understandable, since the extensive long-term importation from the USSR of oil (90 percent of the GDR's overall requirement), natural gas (100 percent), pig iron (nearly 100 percent), timber and cotton (90 percent) and other raw materials is of exceptional importance for our country. Furthermore, raw material prices within the CEMA framework are considerably lower than on the world market, as is well known. This is also a great help to the GDR. The importation from the Soviet Union of rationalization and automation facilities, modern machinery, tractors and general consumer goods is also important to us.

In its turn, the GDR is making efforts to meet its adopted commitments for supplies to the USSR precisely within the set periods and to a high standard. This is one of the main aims of those participating in the competition in many of the republic's enterprises.

The elaboration of nearly 500 major topics concerning the further development of scientific and technical progress has been agreed as part of the coordination of the 1981-1985 5-year plans. This year, experts from both countries are jointly working on over 250 topics.

The friendship treaty in action means both the continued rapprochement between our peoples, an enormous number of businesslike meetings between millions of our countries' working people, exchange of workers and international competition between labor collectives about which EKONOMICHESKAYA GAZETA wrote vividly in its last edition. The weekly covered in detail the experience of the international competition between the working people of the Dresden "Sachsenwerk" Plant and the Leningrad "Elektrosila" Association.

We, the citizens of the GDR, feel great joy because our festival coincides with a festival of the Soviet people--with USSR constitution day. This gives us further cause to express our profound esteem for our Soviet friends, to congratulate them on their enormous achievements in implementing the decisions of the 25th CPSU Congress and to offer the wish that they may mark the forthcoming 26th Party Congress with new successes in the building of communism and in the struggle to safeguard peace on our planet.

CSO: 1825

ECONOMIC MECHANISM OF SOCIALIST INTEGRATION VIEWED

Moscow VESTNIK MOSKOVSKOGO UNIVERSITETA: SERIYA 6, EKONOMIKA in Russian
No 5, Sep-Oct 80 pp 15-21

[Article by V. P. Vasil'yev: "Toward a Description of the Economic Mechanism of Socialist Integration"]

[Text] The growth in the scale of economic and scientific-technical cooperation among the socialist countries under conditions of socialist economic integration and the necessity of increasing its efficiency demand that the characteristics of the action of economic laws in the foreign economic sphere be thoroughly studied and consciously employed. Improving the economic mechanism of socialist integration is expected to play an important part in realizing the advantages of socialism and raising the efficiency of public production. This mechanism is objectively conditioned by the system of socialist production relationships; it is the aggregate of economic forms of management which are being worked out collectively by the socialist countries on the basis of conscious use of economic laws.

The objective nature of the mechanism of socialist integration does not mean that subjective factors do not affect it. The development of this mechanism and the rise in its efficiency are the result of consistent direction and guidance by the communist and worker parties and the governments of the socialist countries. This is a manifestation of the well-known proposition on the dialectic of the objective and the subjective.[1]

In the economic literature the structure of the integration mechanism is described as an interdependent set of forms of planning activities, commodity-money instruments, and economic organizational forms that facilitate the interaction of the national economic complexes and their planned inclusion in the system of international socialist division of labor.[2]

Improving the economic mechanism of socialist integration poses the problem of scientific analysis of the new processes and phenomena occurring in economic relations among the socialist countries and presupposes investigation of the problems of development of all elements of the integration mechanism, including current organizational forms of production and management links among the CEMA countries. "This also involves the problems of setting up joint international socialist production facilities," L. I. Brezhnev emphasized, "and they require that we work out legal and economic norms for their

activities."[3] Solving these problems requires investigation of the objective need to establish international economic organizations (MEO's) in the socialist countries and to identify their distinctive features and developmental prospects.

The formation of MEO's and refinement of their activities is a process that is shaped by the entire course of historical development of collectivization, both within particular countries and on an international scale. The uniqueness of each historical phase of mutual relations among the socialist countries can be found in the specific problems facing them and the operating principles of the MEO's that are being set up. But the general basis for the formation of MEO's of various types is the internationalization of economic life.

The ongoing process of internationalization of production, which began historically under capitalism, is continuing to develop under socialism. But the paths, methods, and final results of the internationalization of production differ fundamentally under capitalism and socialism, as a result of the fundamental difference between these methods of production. V. I. Lenin pointed out the existence of a tendency "toward the creation of a single world economy, regulated by the proletariat of all nations according to a common plan; this tendency has been very clearly revealed under capitalism, and will unquestionably continue to develop and be completed under socialism."[4]

The internal, antagonistic contradictions inherent in capitalism manifest themselves in the international arena in the unevenness of economic and political development of the particular capitalist countries in their struggle for markets. This is incompatible with the planned nature of internationalization of all economic life. In capitalism the highest form of development of the internationalization of economic life is formation of the world capitalist economy as an interrelated group of national economies. But under socialism there are objective possibilities to overcome the isolation of the economies of particular countries in the future.

The steady, unlimited advance of the process of internationalization of economic life under socialism is a result of planned economic development, the action of the basic economic law, and the absence of antagonistic contradictions among the countries of the socialist community. As these countries develop and their mutual ties become stronger they come to have more elements in common. "This process of gradual convergence of the socialist countries," it was stressed at the 25th CPSU Congress, "has assumed the definite form of a predictable pattern today."[5]

When the process of collectivization goes beyond national boundaries, which is the natural process of internationalization of economic life, it steps up the development of the public features of productive forces and the gradual shaping of international production complexes. At the same time it leads to the appearance of new elements in international socialist production relations. As a result the economic relations among the socialist countries are enriched with new forms that promote a rise in the efficiency of public production and refinement of the planned mechanism of cooperation.

International socialist collectivization of production and its internationalization lead to the appearance of direct public labor in the economic relations among the socialist countries. The labor expended in national economies is recognized as internationally necessary labor not only in the process of exchange, through international value, but even before the process of production begins. This is reflected in various forms of joint planning activity.

As material conditions are prepared and economic relations progressively develop among the socialist countries, the goals and directions of cooperation among them are increasingly defined by the action of the basic economic law of socialism. Under contemporary conditions providing for the full well-being of all members of socialist society and comprehensive development of each individual are not just a direct stimulus to growth in public production in each country of the socialist community but also act as an important impetus to progress in economic and scientific-technical cooperation among them. "The social orientation of CEMA activities has become very clear," L. I. Brezhnev stressed. "It is subordinating the whole system of cooperation and mutual aid to the interests of the working people, to realizing the primary goal of socialism -- raising the well-being of the people."[6]

Several factors have led to the formation of the international economic organizations of the socialist countries: the development of socialist economic integration; improvement in planned forms of cooperation among the socialist countries; the need to develop economic links among the ministries, departments, and production associations of these countries; the need to manage the international production complexes that are being formed toward solving the problems that are objectively determined by the action of the basic economic law. "The planned nature of further development and refinement of cooperation and elaboration of socialist economic integration," it was observed at the 26th session of CEMA, "will be made even stronger by the development of interstate and international economic organizations in the socialist countries."[7]

The MEO's are a new form of international socialist collectivization within which links between producers are strengthened on a planned basis. These organizations complement certain functions of managing expanded reproduction on the national level. At the same time each of them operates as a unified organizational complex, which is insured by the existence of an international management body. In the opinion of many economists one of the main functions of the MEO's is to manage the international production complexes that are taking shape on an international basis, with due regard for their basic socialist nature, for the purpose of increasing the efficiency of public production, chiefly by furthering specialization and cooperation among the countries.[8]

In our view the MEO as an independent form of collectivization is a unified international organizational complex that has arisen on the basis of collectivization of socialist production through planned fulfillment of certain common functions of expanded reproduction by the collective efforts of the interested countries. Detailization of this description of the MEO's requires a clarification of the specific characteristics and features of the existing types of such organizations, that is, study and comparative

analysis of the interstate economic organizations (MGEO's) and the international management ["khozyaystvennyye"] organizations (MKhO's).

The main function of the MGEO's is to coordinate the activities of participating countries with respect to mutual cooperation. They can work together to develop forecasts of development, jointly plan for the corresponding sectors of production, coordinate capital investment, work out proposals on specialization and cooperation, and coordinate product lists, volumes, and mutual delivery times.

The performance of these functions by the MGEO testifies to the appearance and development, on an international scale, of new elements of the directly social nature of labor and to strengthening of the planned influence of the socialist countries on foreign economic ties.

The entry of the CEMA countries into the stage of socialist economic integration led to the further elaboration of types and forms of MEO's. Such MKhO's as Interteksstil'mash [textile machinery] and Interatominstrument [atomic industry tools], formed in the early 1970's, embody the distinctive characteristics of this phase of cooperation among the socialist countries in their activities. The shift of the center of gravity from foreign trade forms to direct production and the necessity of joint planning to manage this production result in closer cooperation among production associations of different countries within the framework of the MKhO's, whose job includes direct managerial functions in addition to coordination of activities.

The MKhO also realizes another important feature of economic integration, the transition to complex forms of cooperation. It creates the prerequisites not only for concentrating the production of definite types of output, but also for joint activity in scientific research and selling the results of production work.

Unlike the MGEO, the MKhO not only performs coordinating functions but also carries on joint management activity. Alongside coordination of the basic directions of scientific-technical and economic development they may engage in organizing and performing contract work in construction, delivery of equipment, organizing the production of certain types of output, and doing scientific and planning-design work. With their appearance and development, therefore, coordination itself, as one of the forms of manifestation of the law of planned development at the level of international production relations, becomes more concrete and is refined. This means that the elements of the direct social nature of labor on the international scale are more highly developed in the system of production relations controlled by the functioning of the MKhO's than in the case of the MEO's.

Our experience with the activities of the MEO's shows that in the first stages of cooperation among the socialist countries within the framework of these organizations the typical feature is collective regulation of trade relations in the international sphere, often with only an indirect impact on the production process. But the process of integration, where the MEO undertakes joint forms of organizing specialization and cooperation in production, especially with the appearance of the MKhO, is characterized by

the development and deepening of international forms of planned regulation of production processes. This testifies to the appearance in the world socialist economy of new elements of the directly social nature of labor and the formation of typical features of socialist production relations at the international level.

The formation of MEO's is an objective result of the development of the processes of collectivization and the need to establish planned relations in the world socialist economy. Moreover, their functioning makes it possible to solve a number of practical problems of improving economic and scientific-technical cooperation among the socialist countries within the MEO framework.

The activities of the MEO's, whose principal task is directly conditioned by the basic economic law of socialism, involve insuring maximum satisfaction of the needs of the participating countries for certain types of output. They promote growth in labor productivity and a rise in the efficiency of public production. These organizations are a rational form of combining science and production, which becomes especially timely in the age of the scientific-technical revolution.

Raising the efficiency of production demands insuring production of output on a mass production basis, implementing specialization and rational cooperation, and eliminating unjustified parallelism in the production of certain types of output where it still exists. The ongoing scientific-technical revolution demands that we search for new organizational forms of combining the material, labor, and financial resources of different countries. The activities of the MEO's actively promote these goals. For example, the MKhO Interatominstrument, formed in 1972, prepared materials for specialization in the production of 300 articles in three years of work; this is almost three-fourths of the trade volume in 1976-1980.[10] The socialist countries are receiving a significant economic benefit from the activities of joint enterprises, where their resources are directly combined in the process of production.

There are several dozen MEO's at the present time. They are all becoming more actively involved in the development of the reproduction processes in particular countries. For example, five MEO's (Interatominstrument, Interatomenergo [atomic power], Intertekstil'mash, Interelektro [electrical], and the Organization for Cooperation in the Bearing Industry) are involved in the work of seven percent of the sectors of Czechoslovakian machine building. They cover more than half of the assortment of heavy-current electrical equipment, virtually the full assortment of bearings, practically all textile machine building, and all production of equipment for the atomic power sector.[11]

Despite the fact that many MEO's have achieved notable success in their activities, the question may arise: Is it impossible to solve these problems within the framework of prior organizational forms? More specifically, the question is: Can the standing commissions of CEMA perform the functions of the MEO's?

CEMA has a number of functions, defined by its Charter, that involve recommendations, consultation, and coordination. The operational management

functions assigned to the MEO's are not characteristic of this organization. Therefore, the framework of the standing commissions was not broad enough to solve the problems that arise in connection with the growth of international socialist collectivization of production. There is a unique kind of division of labor between CEMA and the MEO's, seen in the division of functions between them. The immediate activities of CEMA are directed to studying the problems that are of common interest to member countries and working out appropriate recommendations on them.

The delineation of functions between the standing commissions of CEMA and the MEO's does not mean that they operate in isolation from one another. On the contrary, CEMA cooperates with the MEO's and uses their experience and work results in its coordinating activity. For their part, the MEO's which are specialized organizations of the CEMA countries functioning on the basis of their founding articles, take the recommendations of CEMA bodies into consideration. The need for planned coordination of the work of CEMA and the MEO's was specially pointed out at the 24th CEMA session. It noted the wisdom of shaping relations between them by appropriate agreements.[12] The comprehensive program of the CEMA countries directs them to take steps to see that "the activity of the interstate organizations formed and being established by interested countries on the basis of CEMA principles and having broad responsibilities in the areas of economics, science, and technology, is appropriately coordinated with CEMA activities."[13] Although this statement refers to the work of the MGEO's, in practice it is also taken into account in the formation and functioning of the MKhO's, which also make appropriate contracts for cooperation with CEMA.

CEMA and multilateral MEO's today have signed agreements on cooperation that envision mutual exchange of information and joint participation in working out various issues of economic cooperation. According to these agreements, the MEO's in their activities are obliged to consider the recommendations and decisions of appropriate CEMA bodies. For example, the protocol signed in 1975 concerning the nature and forms of cooperation between CEMA and Interelektro with respect to economic and scientific-technical cooperation in the area of the electrical equipment industry envisions the steps necessary to coordinate the activities of this organization and CEMA agencies. This involves mutual information on projected plans and contacts during preparation of materials of mutual interest. Interelektro is obligated to review the recommendations and decisions of CEMA bodies, outline steps to carry them out, and inform the CEMA bodies of this action.

Our initial experience with cooperation between CEMA and MEO's is not restricted to the area of mutual information. There are already examples of joint development of plans for specialization and cooperation in production, which is directly linked to further improvement in the international socialist division of labor. Thus, the Organization for Cooperation in the Bearing Industry, working together with CEMA agencies, developed proposals to meet the bearing industry's needs for metal-cutting lathes and forge-press machines, as well at its requirement for tools and instruments, for the period 1971-1980. They have also worked out, jointly with CEMA bodies, proposals for specialization and cooperation in the production of metal-cutting lathes and forge-press machinery for the bearing industry for

the period 1976-1980, including proposals to overcome the shortage of this type of equipment.[14]

The CEMA Executive Committee is doing a great deal to improve the work of the MEO's. Meetings of this body regularly review reports and information on the activities of particular MEO's and discuss the key problems of improving the functioning of these organizations. The 92nd session of the CEMA Executive Committee in 1979, for example, conducted a special review and discussion of steps to improve cooperation between CEMA and international economic organizations formed by the CEMA countries; they declared their approval of these steps.[15]

Close cooperation between the MEO's and CEMA bodies is one of the important conditions that promote the development of planned relations in the foreign economic sphere. The MFO's, economically linked with CEMA agencies, the countries where they are located, their participating countries, and other economic organizations, are the key element in the economic-organizational structure of the planned economic mechanism of socialist integration. The work of the MEO's promotes the deepening of multifaceted cooperation among the national economic complexes of the socialist countries and the development of planned relations in the world socialist economy. It meets the challenges posed by the 25th CPSU Congress, which call for introducing efficient organizational forms of production and management links in the practice of cooperation among the CEMA countries.[16]

FOOTNOTES

1. See Lenin, V. I., "Poln. Sobr. Soch." [Complete Works], Vol 29, pp 169-170.

2. See Shiryayev, Yu. S., "Ekonomicheskiy Mekhanism Sotsialisticheskoy Integratsii" [The Economic Mechanism of Socialist Integration], Moscow, 1973, pp 10-11; Bautina, N. V. (editor), "Sotrudnichestvo Stran SEV v Oblasti Planovoy Deyatel'nosti" [Cooperation of the CEMA Countries in the Planning Area], Moscow, 1975, p 11; Belyayev, Yu. N., "Natsional'nyye Ekonomicheskiye Interesy v Usloviyakh Sotsialisticheskoy Integratsii" [National Economic Interests under Conditions of Socialist Integration], Moscow, 1979, p 163; Mikul'skiy, K. I. (editor), "SEV: Mezhdunarodnoye Znacheniye Sotsialisticheskoy Integratsii" [CEMA: International Importance of Socialist Integration], Moscow, 1979, pp 200-201.

3. Brezhnev, L. I., "Mir Sotsializma -- Torzhestvo Velikikh Idey" [The Socialist World -- The Triumph of Great Ideas], Moscow, 1978, p 563.

4. Lenin, op. cit., Vol 41, p 164.

5. "Materialy XXV S"yezda KPSS" [Materials of the 25th CPSU Congress], Moscow, 1976, p 6.

6. PRAVDA 27 June 1979.

7. "Communique of the 26th CEMA Session," PRAVDA, 12 July 1972.

8. "Problemy Upravleniya Sotsialisticheskim Promyshlennym Proizvodstvom (Po Materialam Nauchnoy Konferentsii Uchenykh i Spetsialistov Stran-Chlenov SEV i SFRYu)" [Problems of Managing Socialist Industrial Production (From Materials of the Scientific Conference of Scientists and Specialists of the CEMA Countries and Yugoslavia)], Vol 1, Moscow, 1977, p 249.

9. Some examples of MGEO's are Intermetall, Interkhim [chemicals], Interenergo; among the MKhO's are Interatominstrument, Intertekstil'mash, and Interkhimvolokno [synthetic fibers], among others.

10. See Tvarden', E., "Interatominstrument -- Some Results of Its Work," EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV, 1975, No 2, p 46.

11. See Latsis, O., "Socialist Integration and International Relations," MEIMO, 1976, No 8, p 129.

12. "Communique of the 24th CEMA Session," PRAVDA May 1970.

13. "Kompleksnaya Programma Dal'neyshego Uglubleniya i Sovershenstvovaniya Sotrudnichestva i Razvitiya Sotsialisticheskoy Ekonomicheskoy Integratsii Stran-Chlenov SEV" [Comprehensive Program for Further Deepening and Refinement of Cooperation and Development of Socialist Economic Integration in the CEMA Countries], Moscow, 1972, p 115.

14. See Fadeyev, N. V., "Sovet Ekonomicheskoy Vzaimopomoshchi" [The Council of Economic Mutual Assistance], Moscow, 1974, pp 90-91.

15. PRAVDA 20 October 1979.

16. "Materialy XXV S"yezda..." op. cit., pp 235-236.

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ARTICLE DESCRIBES SHIPPING COOPERATION AMONG CEMA MEMBERS

Moscow MORSKOY FLOT in Russian No 9, 1980 pp 50-51

[Article by A. Makeyev and A. Yefremov: "Cooperation and Socialist Integration in Shipping"]

[Text] Implementing the Comprehensive Program for Further Strengthening and Improving Cooperation and the Development of Socialist Economic Integration has contributed to fuller satisfaction of the requirements of CEMA nations in river (along the Dunay) and sea foreign trade shipping. In this regard, the freight shipment requirements of nations not having their own seacoast have been taken into account.

The tasks laid down by the Comprehensive Program are being accomplished in conformance with work plans of CEMA's Permanent Commission for Transport and its working bodies. This is being carried out in accordance with the Protocol on Direct Scientific-Technical Cooperation between the Ministry of the Maritime Fleet and the transport ministries of Bulgaria, Hungary, East Germany, Cuba, Romania, Poland and Czechoslovakia.

In accordance with the Work Program for coordinating plans for developing the economies of CEMA nations for 1981-1985, which was approved by the 31st CEMA Session, consultations were conducted among planning, transport and foreign trade agencies on coordinating economic plans with regard to transport. This coordination was effected in two stages, where agreement was reached in the overall volume of export, import and transit freight and its distribution according to mode of transport, and the shipping volume (container shipping in particular) and measures to be taken by the parties in providing transportation.

In accordance with recommendations of the 15th Session of the Joint Soviet Union-Yugoslavia Committee for Economic and Scientific-Technical Cooperation, consultations were conducted among planning, transport and foreign trade agencies of the USSR and Yugoslavia on cooperation with respect to developing transport between the two nations between 1981-1985 and prior to 1990. Freight and passenger transport volume, by mode of transport, was coordinated at the consultations; in addition, technical and organizational measures for providing such transport were examined. Also agreed upon was a draft of the long-term Program for Transport Cooperation between the USSR and Yugoslavia in 1981-1985 and prior to 1990.

Issues in two areas were of major importance: those related to completing working out the long-range special purpose Program of Cooperation among CEMA Nations, adopted

in June 1979 by the 33rd Council Session, and those related to accomplishing the tasks envisioned in this program.

Based on the agreement concluded in March 1979, the joint Soviet-Bulgarian company "Intermorput'" was formed for executing dredging and emergency rescue operations, navigational maintenance of the sea lanes, and underwater towing technology projects and ship-raising operations on the Black Sea.

Within the framework of the agreement, an Intermorput' Council was selected, and a program of company projects prepared for 1981-1985 and prior to 1990. Pursuant to this program, a joint exercise was carried out with Bulgaria in 1979 in which aid was rendered to a vessel that had suffered a disaster at sea.

Further activities of the Soviet-Bulgarian shipping company "Dunaytrans" are progressing aimed at coordinating the work of the Soviet "Dunay" steamship line and Bulgaria's river fleet. This is directed towards improving use of the production capabilities of the inland waterway fleet and ports along the Dunay in foreign trade shipping between the USSR and Bulgaria.

Socialist competition between the crews of Soviet and Bulgarian ships is highly significant with regard to developing and strengthening friendly relations. So, in 1979, conditions were established for competition between Soviet and Bulgarian crews on tugboats used mutually for towing "Dunaytrans" cargo. Provision was also made with regard to the ship's pennant for the Soviet-Bulgarian shipping company.

In 1979, 1.473 million tons of freight were shipped in mixed convoys, compared with 982.2 thousand tons in 1978; unproductive idle time for inland waterway freight on the Soviet "Dunay" steamship line decreased that year by about 30 percent.

Today, within the framework of CEMA's Permanent Commission for Transport, proposals are being formulated for establishing an effective system on the Dunay River for management of cargo towing and loading and unloading operations on ships of the CEMA nations concerned.

Activities of the international shipping enterprise "Interlikhter", established by a 19 May 1978 intergovernmental agreement, have made further headway.

On 17 September 1978, "Interlikhter" declared that the *LASH ship "Yulius Fuchik" entered service on the route: Dunay ports - Bombay - Karachi - Dunay ports. Since that time, cargo towing has begun for loading lighters on this route.

The volume of cargo shipping handled by "Interlikhter" in 1979 (including December 1978) amounted to 240,265tons. Of this, 225,062 tons was cargo of CEMA members and Yugoslavia; 15,203 tons was from Austria and West Germany.

Within the "Interlikhter" framework, cooperation has developed among the CEMA nations along the Dunay in matters relating to use of the LASH ship system for foreign trade freight transport. Thus, scientific research organizations in four countries (Bulgaria, Hungary, USSR and Czechoslovakia) conducted scientific studies in 1979 on "Perfecting

*Editor's note: "likhterovoz," a ship used for carrying and launching lighters, or transport barges.

and Developing the LASH Ship System of Hauling Freight Between Dunay Ports and Sea Docks." There was satisfactory cooperation between "Interlikhter" and Bulgarian, Hungarian, Soviet and Czechoslovakian charters.

Ferrying service was established between the ports of Il'ichevsk and Varna pursuant to a joint agreement of 14 November 1978. The new shipping system was a clear indication of success in implementing the Comprehensive Program of socialist economic integration, and an important element in rapprochement between the fraternal socialist nations.

During the ferrying operation, ship-to-shore interaction improved constantly, technical problems were eliminated, and new standard operating procedures were established; procedures for computing shipping volume became more precise, and ferry navigation experience was assimilated, especially regarding the approach to Varna. Ship crew training was conducted as well, and operational procedures under strenuous sailing conditions were standardized. As a result, turnover time for the ferry trips was reduced, and ferrying transport capacity increased.

In 1979 the Soviet-Bulgarian ferry service hauled 1.980 million tons of various cargo--67,301 freight car loads. Significant measures were carried out with respect to actualizing the design capacity of the ferrying operation.

Within the framework of the permanent working group for Economic and Scientific-Technical Cooperation in Transport between the USSR and Bulgaria, proposals have been formulated with the aim of further improving the organization of the ferry service and increasing the efficiency of ferry freight transport between the USSR and Bulgaria.

A program of activities was agreed upon as to "Prospects for Developing Ferry Service Between Black Sea Ports of the USSR and Bulgaria."

With respect to charter operations, the matter of development of cooperation among shipping enterprises of the CEMA nations in international line shipping and tramp shipping was studied, this within the framework of a conference of chartering and shipowner organizations. Charter operations of CEMA nations were also examined.

In 1979, four new regular lines were established; forms of cooperation were improved for joint lines already in use; regular consultations between applicable steamship lines were conducted, those that maintain shipping service along the same and parallel routings. Cooperation improved among chartering organizations in charter shipping of foreign freight, and in mutually allocating free tonnage and foreign trade cargo of CEMA nations. More efficient shipping methods are being adopted for hauling freight on lines operating along parallel routes for Black Sea and Mediterranean Sea docks.

For tramp shipping, systematic consultations based on the provision for a "System of Coordinators" are taking place among chartering organizations on questions of charter rates. A weekly mutual interchange of operative information on transactions and contracts concluded and on the availability of free tonnage and freight is also conducted.

The system of coordinators for tramp shipping of CEMA nations has been a basic instrument in achieving multilateral cooperation among chartering organizations,and an

element in the integration process with respect to chartering. In 1979, over five million tons, dead weight, of Soviet tramp shipping cargo was chartered to the following CEMA nations: Bulgaria, Vietnam, Hungary, Poland, East Germany, Romania and Czechoslovakia.

CEMA nations along the Dunay are cooperating closely with respect to river shipping. At sea and along the Dunay, freight transport in consolidated pieces and in containers is becoming more and more developed. Container lines are in operation between Soviet and Bulgarian ports, Soviet and East German ports, Soviet and Cuban ports. Container cargo volume for shipping between the USSR and Bulgaria has been coordinated for 1981-1985. An appropriate program for developing container and package shipping between the two countries is being formulated.

Scientific-technical cooperation based on protocols concluded between the Ministry of the Maritime Fleet (MMF) and the transport ministries of CEMA nations has expanded. In 1979, scientific research organizations of the MMF conducted joint research with corresponding organizations of Bulgaria, Hungary, East Germany, Cuba, Poland and Czechoslovakia, and covered the basic spectrum of sea and inland waterway (Dunay) transport.

Significant work in standardization is taking place within a framework of cooperation between the Registry of the USSR and the Organs for Technical Supervision and Ship Classification (OTSC). Its aim is the further systematic development and improvement of the agreed upon rules of OTSC, maintaining them on the level of modern scientific and technological achievements, and providing for shipbuilding and navigational needs.

With regard to the development and status of multilateral scientific-technical cooperation among CEMA nations in the shipping industry, analysis shows that this cooperation encompasses all the basic kinds of transportation activities and facilitates development of the material-technological base for the fleet. Further expansion and intensification of shipping cooperation among CEMA nations is directed towards developing a progressive technology for container shipping, for "second-bottom" and package shipping, for overall mechanization and automization of loading and unloading operations and for increasing port capacities.

Making widespread, good use of the advantages of specialization and cooperation in operating the technical facilities of the maritime and inland waterway fleet is the reliable way to achieve timely and uninterupted satisfaction of the continually growing demands of nations in international shipping.

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TRADE WITH INDUSTRIALIZED COUNTRIES

Moscow PLANOVOYE KHOZYAYSTVO in Russian No 10, Oct 80 pp 81-87

[Article by Corresponding Member of the USSR Academy of Sciences O. Bogomolov: "USSR Economic Ties With Foreign Countries"]

[Text] With each year foreign economic ties are assuming greater and greater importance in the development of the national economy of the Soviet Union. They play an important role in the conduct of its foreign policy, which is aimed at the strengthening of the world socialist community, the support of the national liberation movement and the guarantee of lasting peace on earth. The increase of the role of foreign economic ties conveys the objective law of the internationalization of economic life.

The policy of extending international economic cooperation and of participating more and more actively in the international division of labor was thoroughly substantiated at the 24th and 25th CPSU Congresses. The development of foreign economic ties was considered one of the key economic problems of the country.

The Development of Foreign Economic Ties

At the different stages of the development of the country the relations with foreign countries developed in different ways. Under the conditions of imperialist encirclement and the trade and economic blockade on the part of the main capitalist powers the Soviet Union was not able to establish sufficiently broad and far-reaching foreign economic ties. Imports served as a source for obtaining some needed goods, first of all machinery and equipment, while exports provided the assets to pay for them. At that time it was not a question of increasing the export specialization of the economy for the purpose of increasing its efficiency. And there is nothing surprising in the fact that the volume of the foreign trade turnover of tsarist Russia, which in 1913 was 2.27 billion rubles (in present-day rubles with respect to gold content), before the start of World War II was not exceeded.

With the increase of the scale and maturity of the USSR national economy foreign economic activity became a more and more important field of planning work and was transformed into a lever for increasing the effectiveness of economic development. After World War II the decisive trend of the development of USSR foreign economic ties was their steady extension and the increase of their influence on national economic progress. From 1946 to 1979 the volume of the foreign trade turnover of

the Soviet Union in comparable prices increased approximately 30-fold.[1] In the prices of the corresponding years it increased from 1.3 billion rubles in 1946 to 80.3 billion rubles in 1979, or 61.8-fold.[2] It is typical that it increased from year to year at a steady rate, without declines, outpacing the production of material wealth in the country.

The five-year plan for 1976-1980 called for an increase of the volume of foreign trade by 35 percent. This figure was regarded as the minimum assignment; as is shown by the results of four years of the five-year plan (1976-1979), during which the commodity turnover increased in comparable prices by 34 percent, it will apparently be exceeded.

As is known, in industrial production volume the Soviet Union holds second place in the world. However, in the volume of foreign trade in 1978 it was in seventh place. This is explained, in particular, by the fact that the gigantic economy of our country has considerably greater objective conditions for the development of the domestic division of labor than medium-sized and small states, therefore it has been drawn relatively less into the system of the international division of labor. The fact that in the past Soviet foreign trade could not develop normally under the conditions of capitalist encirclement and today the attempts of the reactionary circles of some capitalist countries to discriminate and to impose trade bans continue to hinder it, also has an effect.

In 1978 the per capita volume of the foreign trade turnover in our country was calculated at 269 foreign exchange rubles. The value of exports with respect to the national income of the Soviet Union is about 8 percent. These indicators are gradually increasing, reflecting the increase of the importance of foreign trade and other ties in the building of the USSR economy.

The foreign economic ties of the Soviet Union are promoting the solution of central national economic problems, first of all the intensification of economic development, the improvement of product quality, the acceleration of the growth rate of a number of sectors of industry, the improvement of its structure and the increase of the national well-being. They are an important channel for obtaining additional assets for capital investment. By using them the country is expediting the development of new economic regions, for example, in Siberia and the Far East, and the solution of a number of economic problems.

Thus, foreign economic ties have a beneficial effect on various aspects of the economic life of the country. At the same time their volume and structure serve as a reflection of our achievements in the building of the economy, in science and technology.

The Commodity Structure of Imports

The analysis of the commodity structure of imports, the results of which are presented in Table 1, makes it possible to understand better the advantages gained by the Soviet economy owing to participation in the international division of labor.

Machinery and equipment are the leading item of imports: they accounted for 42 percent of their value in 1978 and 38 percent in 1979. The chemical industry (especially the production of fertilizers and polymers), the automotive industry, light

and the food industries, the timber and pulp and paper industries, metallurgy, construction and transport are being furnished to a significant extent with imported equipment.

Table 1*

(percent of total value of imports)

Description of good	Dynamics of structure of imports by years						
	1913	1938	1965	1970	1975	1978	1979
Machinery, equipment, vehicles	16.6	34.5	33.4	35.5	33.9	42.0	38.0
Fuel and electric power	7.1	1.2	2.5	2.0	3.9	3.7	3.8
Ores and concentrates, metals and items made from them	6.9	29.8	9.8	9.6	11.6	9.7	11.2
Chemical products, fertilizers and rubber	7.9	5.2	6.2	5.7	4.7	4.1	4.7
Lumber and pulp and paper items	3.3	0.8	1.9	2.1	2.2	1.5	1.5
Textile raw materials and semimanufactures	18.3	10.0	4.4	4.8	2.4	2.0	1.9
Foodstuffs and raw materials for their production	21.2	12.7	20.2	15.9	23.0	19.2	21.9
Industrial consumer goods	10.3	1.0	14.2	18.3	12.9	11.8	11.4

*According to the data of "Narodnoye khozyaystvo SSSR v 1978 g." [The USSR National Economy in 1978], Moscow, "Statistika", 1979, p 551; "Vneshnyaya torgovlya SSSR v 1979 g." [USSR Foreign Trade in 1979], Moscow, "Statistika", 1980, p 18.

Whereas in 1950 the imports of equipment came to 282 million rubles, in 1979 they amounted to 14.4 billion rubles. During 1971-1979 the following amounts of equipment were purchased (in billions of rubles): for the chemical industry--8.5; machine tools and forge and press equipment--4.1; materials-handling equipment--4.1; for motor vehicle plants--1.6; for the food and light industries--approximately 4.3. About 1,400 ships of various classes were imported for the merchant, fishing and river fleets.

In the USSR new industrial facilities are annually being fitted out with imported equipment. Thus, in 1971-1975 complete sets of equipment for 2,000 facilities of various sectors of industry were purchased abroad. In 1976-1980 the CEMA countries alone will deliver 1,000 sets of equipment for various industrial facilities. In all the equipment being installed in the country the proportion of imports is about 15 percent. The introduction of this modern equipment and advanced technological decisions is yielding a significant economic impact.

The technologically unique Oskol Electrometallurgical Combine for the production of 5 million tons of metallized pellets a year on the basis of the direct reduction of iron is being built in cooperation with firms of the FRG. Mill equipment, which is being purchased primarily in socialist countries, during the current five-year plan will make it possible to obtain an additional 6 million tons of rolled metal products a year. Imports of equipment have promoted the development of a number of sectors of the chemical industry. In particular, in the production of fertilizers the USSR has taken one of the leading places in the world.

Along with equipment the USSR imports such goods as fuel, raw materials and materials, the share of which in our imports exceeds 20 percent. During the past two five-year plans the Soviet Union has been transformed into the largest importer of

rolled metal products and pipe. Their imports amount to about 6 percent of the output of these products in the USSR. While exporting approximately the same amount of rolled metal products, the USSR in practice is exchanging commercial rolled products, which are available in sufficient quantity, for special shapes of rolled products and large-diameter pipe for the construction of petroleum and gas pipelines. Pipe accounts for nearly half of the imports (in value) of ferrous and nonferrous metals.

The Soviet Union is also purchasing other raw material goods, especially for the textile industry: cotton, wool, hemp for the production of coarse fabrics, as well as crude rubber, alumina and bauxites.

Foodstuffs and raw materials for their production, including grain and unrefined sugar, as well as industrial consumer goods for the population make up a major item of imports from abroad. These commodity groups account for one-fifth of all imports.

Among the imported goods intended for the population an important place belongs to clothing and underwear. The imports of ready-made clothes exceed 1 billion foreign exchange rubles, which in domestic prices is a considerably greater amount. The imports of consumer goods amount to 10 percent of the value of the domestic marketable stocks, and for some goods this share is even greater, for example, for ready-made clothes, furniture, fruits and vegetables, leather footwear. Approximately 500 million foreign exchange rubles are spent annually to purchase medicines for the population.

Goods for the population are delivered primarily from the socialist countries. In 1979 there were imported: 3.8 million tons of unrefined sugar; 600,000 tons of meat and meat products; 907,000 tons of fresh fruits and berries (mainly apples and oranges).

Cocoa, coffee and tea make up a considerable share in the imports of foodstuffs. About 400-500 million rubles are spent annually on these goods, which it is difficult to do without. Cocoa beans—the most important type of raw material for the confectionary industry--are the greatest item.

The commodity structure of imports, as the above-cited data show, reflects the needs of the Soviet economy and the main lines of the economic policy of the party. Looking at the achievements of the country in building the economy through the prism of foreign trade activity, it is impossible not to note its diverse positive influence on the development of the national economy.

The Commodity Structure of Exports and the Export Base

The import potentials are determined by the development of the export base, which it has been possible to expand on an enormous scale owing to the increase of our industrial, scientific and technical potential.

Table 2 gives an idea of the nature of Soviet exports.

As is evident from Table 2 in Soviet exports the role of machinery and equipment has increased as compared with the prewar period, which was the result of the

transformation of our country into a major industrial power of the world. But as compared with the West European states the structure of Soviet exports is notable for a smaller proportion of finished products, which contradicts somewhat the potentials of our industry. The proportion of machinery in exports does not conform to the real share of machine building in the national economy. In recent years machinery and equipment have accounted for about 20 percent of the exports.

Table 2*

(percent of total value of exports)

Description of good	Dynamics of structure of exports by years						
	1913	1938	1965	1970	1975	1978	1979
Machinery, equipment, vehicles.	0.3	5.0	20.0	21.5	18.7	19.6	17.5
Fuel and electric power	3.5	8.9	17.2	15.6	31.4	35.6	42.2
Ores and concentrates, metals and items made from them.	2.8	3.9	21.6	19.6	14.3	10.3	9.1
Chemical products, fertilizers and rubber.	1.2	4.0	3.6	3.5	3.5	3.0	2.9
Lumber and pulp and paper items	10.9	20.3	7.3	6.5	5.7	4.5	4.1
Textile raw materials and semimanufactures	8.9	4.3	5.1	3.4	2.9	2.5	2.0
Foodstuffs and raw materials for their production.	54.7	29.5	8.4	8.4	4.8	2.2	2.6
Industrial consumer goods	4.7	7.9	2.4	2.7	3.1	3.1	2.3

*According to the data of "Narodnoye khozyaystvo SSSR v 1978 g.," p 551; "Vneshnyaya torgovlya SSSR v 1979 g.," p 18.

Nevertheless a prominent place in the world export of equipment belongs to the Soviet Union. The exports of machinery and technical equipment in 1979 came to 7.4 billion rubles; within them the porportion of highly productive advanced equipment increased. The results of the comparison of the export volume and production volume attest to the significant export capability of some sectors and works. Thus, in 1978 388,000 passenger cars were exported, which was nearly 30 percent of their total production. We export about 15 percent of the produced steam turbines and 9 percent of the tractors. The USSR is a major supplier of diverse equipment for heavy industry, power equipment, electronic instruments, high-precision machine tools and so forth.

The Soviet Union exports not only incomplete, but also complete sets of equipment for industrial facilities. The number of enterprises, structures and other facilities which were built during the postwar period, are being built and are liable to be built abroad, on 1 January 1979 came to 3,842. Of them 2,313 enterprises have been put into operation, mainly in the socialist and developing countries. The exports of complete sets of equipment in 1978 came to 2 billion rubles (29 percent of the total exports of machinery and equipment) as against 860 million rubles in 1970.[3] In the same year the deliveries to the USSR of the products of the enterprises which were built with the assistance of Soviet organizations amounted to 4.6 billion rubles, or 20 percent of the total volume of imports of the USSR from the socialist and developing countries.[4]

As is known, the exports of equipment in sets for entire industrial facilities are assuming a greater and greater role in world trade and are regarded as a promising direction of the international specialization of production. Only a country with a powerful and comprehensively developed industry is capable of appearing on the world market as a supplier of complete sets of equipment. The Soviet Union is among the states which were first to begin delivering equipment in complete sets for the sectors of heavy industry of the socialist and developing countries. In 1979 complete sets of Soviet equipment were delivered for 740 foreign projects, while surveying and design work was performed for 802 projects.[5]

A characteristic feature of the development of exports of machine building is the increase in its structure of the proportion of products, which are delivered within the framework of agreements on the specialization and cooperation of production. Such products account already for 30 percent of the value of the exports of machinery and equipment to the CEMA countries. The USSR is taking part in the implementation of 120 multilateral and several hundred bilateral agreements with the CEMA countries on the specialization and cooperation of production. The country is interested in the considerable expansion of the exports of machinery and equipment, since they are a very profitable item of exports and the opportunities to increase export capacities are practically unlimited, since objective limits exist for the expansion of the exports of fuel and raw materials.

In recent years from 55 to 60 percent of all the receipts from Soviet exports have been formed by means of deliveries of fuel and energy resources, ores and metals, lumber, cotton and other types of raw materials. This is explained both by the availability of natural resources and the appropriate powerful extractive industry and by the peculiarities of the division of labor in the socialist community. Among the exported fuel and raw materials goods, petroleum is in first place.

The exports of natural gas are increasing. Whereas in 1960 the USSR sold 0.2 billion m^3 of it, in 1977 it sold more than 30 billion m^3, of them half were to CEMA countries. In early 1979 the new mighty Soyuz gas pipeline, through which after the achievement of the rated capacity 28 billion m^3 of gas a year will be transported, including 15.5 billion m^3 to the European CEMA countries, was put into operation.

Exports of electricity, which increased from 34 million kWh in 1960 to 15,406,000,000 kWh in 1979, are becoming an appreciable item. Exports of electric power are made mainly to CEMA countries, and their expansion is closely connected with the strengthening of the ties between the national power systems of these countries.

Having large reserves of ferriferous raw materials and a developed metallurgical base, in 1978 the Soviet Union exported 41 million tons of iron ore, 4.4 million tons of pig iron and 6.9 million tons of rolled products.[6]

In the structure of Soviet exports foodstuffs and industrial consumer goods still occupy a modest place. In the future, however, their proportion may increase. We are delivering flour and grain to a number of countries, for example, Cuba and the Socialist Republic of Vietnam. The exports of cotton fiber are a significant amount (in 1979 more than 700,000 tons). Such industrial cultural and personal goods as cameras, bicycles, clocks, refrigerators, televisions, radio receivers and others

are in great demand on foreign markets. The USSR exports about 30 percent of all the cameras and clocks produced in the country, approximately one-fifth of the bicycles and one-sixth of the radio receivers.

The further expansion of exports is closely connected with the rationalization of their structure. The increase of the exports of fuel and raw material resources is coming up against objective limits (the unrenewability and limitation of mineral reserves, the increase of the capital-output ratio of extraction and the expenditures on conveyance from remote regions and so forth). A substantial increase of the exports of finished products and their proportion in the commodity structure of exports is required. However, this cannot be approached mechanically, since the export of finished products is far from always preferable as compared with the export of fuel and raw materials. It is necessary to take into account the correlation of the export prices and the internal outlays, the difficulties of marketing, which are created by the fierce competition on the capitalist market, and so on. Therefore it is a matter not of an absolute, but of a relative decrease of the exports of fuel and raw material goods. The problem is arising of upgrading more and more the raw materials being exported by their concentration and partial processing. This pertains, for example, to ores, lumber and metal.

The main reserve for increasing the exports from the Soviet Union is the creation of new capacities, new export bases in the sectors of the processing industry. World practice attests that it is necessary to expand specialized works for the output of products for export. This, obviously, will require the organization of unique "foreign exchange shops" of the country, which are called upon to ensure an increase of exports with the most favorable ratio of their own expenditures and receipts.

One of the peculiarities of Soviet exports consists in the fact that on the whole their share in industrial production is small, for example, in machine building it is only about 3 percent. In this sector there are not that many enterprises for which exports take up a significant proportion. Among them are the Leningrad Optical-Mechanical Association, the Moscow Radio Plant, a number of clock and other plants. It is clear that at such enterprises the standards of production and the demands on quality are higher. In the interests of expanding exports it is important to increase the concentration of export production, to increase the proportion of the output intended for export also at many other enterprises which are capable of providing a quality at the level of world standards. In short, it is a matter of setting up specialized enterprises which can manufacture highly effective products from the standpoint of exports--not only finished products, but also assemblies and parts. In the end this means the greater and greater specialization of Soviet exports with allowance made for the achievements of domestic industry, science and technology.

Some of these promising directions of the export specialization of Soviet machine building are already appearing: the production of power equipment (turbines, large generators); machine tools, especially complicated ones, of high precision, with program control; electric motors of various ratings; items of precision mechanics; household electric appliances; road construction and agricultural machinery; aircraft equipment; tractors.

A characteristic trait of the location of the present export base of the USSR is the fact that the bulk of the capacities are concentrated in several large economic

regions: in the northwestern part of the RSFSR, where Leningrad Oblast and the Baltic republics especially stand out; in the center, first of all in Moscow Oblast; in the Ukraine. Estimates show that these regions account for 85 percent of all the exports of the Soviet Union. At the same time in recent years the proportion of Siberia, the Transurals and Kazakhstan in the export first of all of raw material goods has been increasing. With the placement of the Baykal-Amur Main Rail Line into operation and the development of a number of large deposits in the region of the main line the export potential of the Far East will increase significantly.

From the point of view of the future the location of the main export works (first of all the newly created capacities in the processing industry) in the western regions of the country, which have the most favorable transportation and geographical location with respect to the main trade partners, is the most efficient. This would create good conditions not only for the development of trade, but also for the progress of production cooperation.

The Geographic Structure and Some Features of the Trade With Individual Regions

More than half of the foreign trade of the USSR falls to socialist countries, mainly CEMA countries (in 1978 and 1979 55.7 and 51.9 percent respectively). Cooperation with CEMA countries, which is based on the principles of socialist internationalism and is carried out according to a plan, cannot but hold a priority position in the system of USSR foreign economic relations. Among our trade partners the GDR holds first place in the volume of the commodity turnover, followed by Poland, the CSSR and Bulgaria.

The countries, which are carrying out intensive industrial construction and are increasing production at an accelerated rate, accordingly are rapidly increasing their participation in international cooperation, especially with such a major partner as the USSR. Thus, the trade exchange is developing dynamically with Cuba (in 1979 it had increased 6.6-fold as compared with 1965), Bulgaria (6-fold), Poland (5.6-fold), Hungary (5.4-fold) and Vietnam (6.3-fold).

The Soviet Union is steadily intensifying the specialization and cooperation of production with the CEMA countries, is jointly undertaking major integration projects, is building on the territory of these countries various economic projects (as of 1 January 1979 there were 958),[7] is coordinating and jointly carrying out important scientific and technical developments. The implementation according to plan of the Comprehensive Program of Socialist Economic Integration, the realization of long-term goal programs of cooperation in the leading spheres of physical production and of bilateral general plans of specialization are becoming more and more the main factor of the increase of the barter between the USSR and the CEMA countries.

The foreign trade ties of the socialists countries which do not belong to CEMA, although having decreased somewhat, on the whole are developing successfully. In particular, the barter of the USSR with Yugoslovia and the Democratic People's Republic of Korea is increasing from year to year to the mutual benefit of the parties.

The 1970's were marked by the rapid expansion of trade of the Soviet Union with the industrially developed states of the capitalist world. The turn toward detente,

which became possible owing to the consistent struggle of the Soviet Union and the other socialist countries for peace and the peaceful coexistence of states with different social systems, was conducive to the stepping up of business contacts and the finding for this of advantageous opportunities which had not been utilized for a long time.

The volume of USSR trade with developed capitalist countries during 1971-1979 alone increased nearly 5.5-fold. Their share in the commodity turnover during those years increased from 21 to 32 percent. Among the trade partners of the USSR, the FRG has moved into first place regarding the volume of trade (more than one-sixth of the USSR's trade with the countries mentioned). In 1970 it was in third place (following Japan and Great Britain). Japan moved from first place to fifth place and in 1979 was behind the FRG, the United States, France and Finland.

One of the characteristic features of USSR trade with industrially developed capitalist countries consists in the use of credits for the purchase of machinery and equipment for the sectors of industry, as well as pipe for the construction of main pipelines. The exports are notable for a significant proportion of fuel (more than two-thirds), first of all petroleum and gas, the deliveries of which increased in the 1970's. The export of some types of lumber provides large foreign exchange receipts. The export of finished items, passenger cars, chemical products, machinery and household appliances is gradually being expanded. The achievements of the Soviet economy, science and technology are making it possible to export to capitalist countries such modern items as aircraft equipment, equipment of nuclear electric power stations, electronic components, machine tools with numerical program control and so forth.

The use of new forms of cooperation, among which there should first of all be mentioned the large-scale deals being concluded on a compensatory basis, is becoming an important factor of the expansion of foreign economic ties with the industrially developed capitalist countries. During the first half of the 1970's alone the USSR concluded more than 50 compensatory agreements with the developed capitalist countries. As a rule, the agreements are connected with the completion of major projects in the fuel and raw material sectors of industry. As an example it is possible to mention the agreements with firms of the FRG, France, Italy and Austria on the delivery of natural gas to them for the credits received for the construction of the USSR-Western Europe gas transportation system. At present more than 90 percent of the exports of natural gas from the USSR to West European countries are carried out on the basis of these agreements, and the plan for the construction of a new mighty gas pipeline from the USSR, which makes it possible to increase considerably the deliveries of gas, is being discussed.

Important compensatory agreements have been concluded with Japan. They call for the development of the mineral deposits of Siberia and the Far East (particularly the coking coal in Southern Yakutia, petroleum and gas on the Sakhalin shelf).

Several major compensatory agreements in the area of the chemical industry and nonferrous metallurgy are enabling western firms to obtain mineral fertilizers (including nitrogen fertilizers: ammonia, carbamide), high-pressure polyethylene, polyester fibers and filaments and a number of other products.

The achievements of the USSR in the development of many sectors of the national economy have promoted the use of such a new form of cooperation for the interrelations with this group of countries as the participation of our country in the construction of a number of industrial projects: a metallurgical plant and a nuclear electric power station in Finland, a large metallurgical complex in France, a hydroelectric power station in Spain.

The progress of foreign trade and other forms of economic cooperation with a number of capitalist countries could have been even more appreciable, if the artificial restrictions in this area had been totally eliminated in the West and attempts were not made by means of a trade blockade or embargo to put pressure on the USSR and to extract political concessions from it. But these are foolhardy attempts. As has already happened more than once in the past, they will fail.

Trade with developing countries in 1979 accounted for about 12 percent of all the trade of the USSR (in 1955, 5 percent), and opportunities exist to increase this proportion. The Soviet Union is finding more and more partners among the developing states. Thus, in 1970 trade or economic agreements were in effect with 52 developing countries, while in 1979 they were in effect with 73.

India invariably remains one of the largest trade partners of the USSR in this group. Whereas the commodity turnover with Egypt declined in the 1970's, the trade with Iraq, Brazil and Argentina increased significantly.

The trade and economic ties with developing states find expression first of all in the purchases from them of goods and raw materials of their traditional exports--agricultural products, as well as a number of types of fuel and mineral raw materials. Cotton fiber, cocoa beans, coffee, tea, bananas, small hides, wool, petroleum and gas, tin and bauxites belong here. The finished items and semimanufactures, which are purchased in the mentioned countries and the share of which is tending to increase, include rolled ferrous metal products, steel and aluminum cable, chemical products, canned meat and fish, underwear and ready-made clothes and so forth.

Technical cooperation, which includes deliveries by our country of complete sets of industrial equipment for the basic sectors of industry which are being newly developed in these states, constitutes the core of the trade and economic relations of the Soviet Union with the developing countries (which are based more and more on long-term agreements). This form of cooperation governs in many respects the structure of Soviet exports to the developing countries and influences the volume and structure of imports, especially when assistance is given on a compensatory basis.

The developing countries account for about one-third of the amount of technical assistance. As of 1 January 1979 606 projects, including 259 industrial projects, had been built here with USSR technical assistances and agreements had been reached on the construction of approximately 463 projects. This made it possible in the countries of Asia, Africa and Latin America to increase the capacities for the generation of electric power by 6.3 million kW, the annual production of pig iron by 7.5 million tons, steel--7.6 million tons, rolled ferrous metal products--4.9 million tons; to create the capacities for the refining of 11.6 millions of petroleum, the output of 10,000 tractors, 120,000 tons of sulfuric acid, 105,000 tons of mineral fertilizers, 30.5 million m of cotton fabrics.[8] Afghanistan,

Algeria, India and other countries of Asia account for the largest number of projects. In 1978 on the basis of various agreements and one-time contracts the deliveries to the USSR of products from the cooperative projects built in the developing countries amounted to 670 million rubles, or 25 percent of the total imports of the USSR from these countries. Cooperation with the USSR is making a substantial contribution to the surmounting of the backwardness and technical and economic dependence of the developing countries and is conducive to their social and economic progress.

In evaluating the achieved level and prospects of the development of the foreign economic ties of the Soviet Union, it is possible to state that owing to its colossal economic potential, its planned economic system and its active policy, which is aimed at the preservation of peace and the strengthening of detente, our state has become an important force in the formation of new, progressive forms and directions of international economic cooperation.

FOOTNOTES

1. "Vneshnyaya torgovlya SSSR v 1970 g." /USSR Foreign Trade in 1970/, Moscow, "Statistika", 1971, p 17; "Vneshnyaya torgovlya SSSR v 1979 g." /USSR Foreign Trade in 1979/, Moscow, "Statistika", 1980, p 6.

2. "Vneshnyaya torgovlya SSSR v 1979 g.," p 16.

3. "Statisticheskiy spravochnik osnovnykh pokazateley ekonomicheskogo i tekhnicheskogo sotrudnichestva Sovetskogo Soyuza s zarubezhnymi stranami" /Statistical Handbook of the Main Indicators of the Economic and Technical Cooperation of the Soviet Union With Foreign Countries/, Moscow, 1979, pp 18, 35.

4. VNESHNYAYA TORGOVLYA SSSR, No 5, 1980, p 24.

5. Ibid.

6. "Vneshnyaya torgovlya SSSR v 1978 g." /USSR Foreign Trade in 1978/, Moscow, "Statistika", 1979, p 25.

7. "Statisticheskiy spravochnik osnovnykh pokazateley ekonomicheskogo i tekhnicheskogo sotrudnichestva Sovetskogo Soyuza s zarubezhnymi stranami," p 18.

8. "Narodnoye khozyaystvo SSSR v 1978 g." /The USSR National Economy in 1978/, Moscow, "Statistika", 1979, pp 554-555.

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TRADE WITH LDC'S

USSR-CEMA COOPERATION WITH LDC'S GROWS

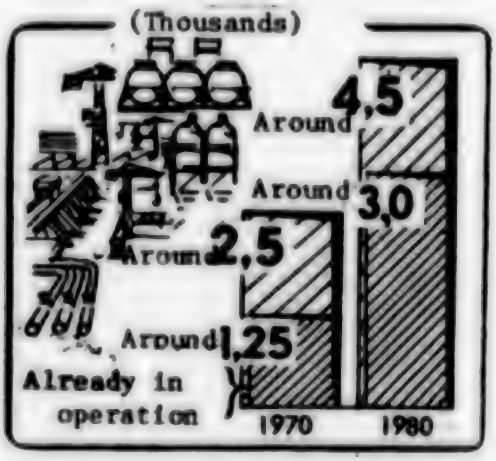
Moscow POLITICHESKOYE SAMOOBRAZOVANIYE in Russian No 9, 1980 pp 41-44

[Article: "CEMA Member-Nations and the Developing States--Facts and Figures"]

[Text] As they develop various economic relations with the states of Asia, Africa and Latin America, the CEMA members try to help them create a national economy, first and foremost to develop and build up the state sector. These relations are based on the principles of equality, noninterference in each other's internal affairs, mutual interests and advantage. They help the liberated nations in their struggle to restructure economic relations with the capitalist nations on a democratic and just basis.

While in 1962 the CEMA nations were providing economic, scientific and technological assistance to 34 states of Asia, Africa and Latin America, the number has now risen to 90. Cooperation is being developed most vigorously with India, Afghanistan, Pakistan, Iran, Turkey, Iraq, Bangladesh, Malaysia and Sri Lanka in Asia, with Algeria, Libya, Nigeria and Morocco in Africa, and with Argentina, Brazil and Peru in Latin America.

Industrial Enterprises and Other Facilities Already Built, Under Construction or Scheduled for Construction in the Developing States with the Assistance of CEMA Nations



At the beginning of 1980 the USSR had intergovernmental agreements covering economic and technological cooperation with 63 developing nations of Asia, Africa and Latin America. These agreements provided for assistance with the construction of 1,150 projects, more than 640 of which have been placed into operation.

Enterprises in such important economic branches as ferrous and nonferrous metallurgy, power engineering, the machine-building and metal-working, chemical, oil extraction and refining, light and food industries, transportation and communications, agriculture and others are being built in the developing states with the assistance of CEMA nations. In many cases the industrial facilities built with the assistance of socialist nations have become the foundation for the national industrial development of the developing states.

All of the enterprises and facilities constructed or under construction belong to the developing states themselves. The CEMA nations provide the new states with modern technology on advantageous terms and help them to master it. They help the developing states create national scientific, design and construction organizations and assist them with planning programs and the mastery of new production processes. Commonwealth nations extend long-term loans to the developing states for this purpose. The total amount of such loans has reached 15 billion rubles, approximately 70 percent of which is used to finance the construction of various types of industrial enterprises. The loans are extended on advantageous terms, the interest rate being 2.5 percent annually for a period of 10 to 15 years. As a rule, the loans are paid back in the traditional commodities of the developing states and with items produced by the national industry, including those manufactured at facilities built with the assistance of CEMA nations.

In 1979, for example, the developing states paid back loans extended by our nation in the amount of approximately 670 million rubles with goods produced at enterprises constructed with USSR assistance, and this accounted for 22 percent of the USSR's imports from developing states. They included gas, oil, boxite, aluminum oxide, cast iron, rolled metal, metallurgical equipment, surgical instruments, cotton yarn, mineral fertilizers and others. The Soviet Union also receives tropical fruits and other produce and a number of consumer goods from these states.

The "assistance" given the developing states by the capitalist nations is of a different nature. The imperialist states and multinational corporations invest capital mainly in the raw-materials branches with a view to preventing the industrialization of the new states and obtaining essential raw materials at low prices.

By means of their investments, the monopolies establish their control over many economic sectors of the new states. In the mid-1970's, for example, foreign monopolies owned 70 percent of the joint-stock of processing industry enterprises in Nigeria, 60 percent in Zaire and 50 percent in Ghana. British monopolies control around 50 percent of the industry in Kenya, and French capitalists control half of Morocco's industrial capital and around 60 percent of its economy. The U.S. monopolies United Brands, Castle and Cook and Del Monte control the citrus and other crops in Costa Rica, Panama, Honduras, Guatemala, Colombia and other states.

The situation is further revealed by the fact that profits from capital and interest on loans received by foreign monopolies exceeds what they provide many times over. Direct private investments of the United States in the developing nations grew from 19.2 billion dollars to 40.5 billion between 1970 and 1978. The profit rate for direct private investments of the United States grew from 17.9 percent in 1960 to 25.2 percent at the end of the 1970's. As a result the annual net profit transferred to the United States from private investments increased from 2.9 billion dollars in 1970 to 8.9 billion in 1978. The American monopolies received an overall net profit of 45 billion dollars during those years.

The following data give an idea of the importance to the states of Asia, Africa and Latin America of projects built or under construction with the assistance of CEMA nations. They include the following capacities: steel smelting--more than 30 million tons per year; oil extraction--60 million tons; petroleum processing--more than 30 million tons. Electric power plants under construction or already in operation have a combined capacity of more than 16 million kilowatts. New gas fields have been placed into production and main gas lines into operation through the joint efforts of CEMA nations and developing states, which provide more than 30 billion cubic meters of gas per year for internal consumption and for export.

The assistance provided the new states by CEMA nations in the development of their electric-power engineering is highly important for their industrialization. Large power engineering complexes have been placed into operation or are under construction in Argentina, Iran, Brazil, India, Afghanistan, Bangladesh, Iraq, Syria, Guinea and Peru. For example, Hungary is assisting with the construction of electric power plants in India, Turkey and Lebanon. As of 1 January 1979, 51 electric-power engineering enterprises had been placed into operation with the assistance of the USSR. These include the Euphrates Hydroelectric Power Complex in Syria--one of the largest projects of its kind in the Near East. In 1979 our nation worked on projects in Afghanistan to increase the capacity of the thermoelectric power plant in Mazar-i-Sharif from 36 to 48,000 kilowatts. More than 50 percent of the electric power in Afghanistan is produced at thermoelectric power plants and hydroelectric power plants built with the assistance of the USSR. The "Dukan" Hydrolectric Power Plant with a capacity of 400,000 kilowatts has begun operating in Iraq, as have three power units with a capacity of 210,000 kilowatts each at the thermoelectric power plant in Nasiriya (840,000 kilowatts). This increased the established capacity of electric power plants in the nation by 40 percent. The equipment has been delivered to Iran for the first stage of the "Ramin" Thermoelectric Power Plant with a capacity of 630,000 kilowatts at Ahvaz. The first section of the electric power plant has gone into operation. It has a capacity of 315,000 kilowatts. Our nation has supplied equipment for several diesel electric power plants capable of meeting the electric energy needs of individual cities in Guinea-Bissau.

Ferrous metallurgy enterprises have been built or are under construction with the assistance of CEMA nations in India, Algeria, Iran, Turkey, Pakistan and Nigeria. Their steel imports have been cut by the amount produced at these enterprises, saving them around 10 billion dollars annually. A total of 13 ferrous metallurgy enterprises have been placed into operation in the new states with USSR assistance as of 1 January 1979. Work continued last year to expand the capacities of metallurgical plants at Bhilai and Bokaro respectively from 2.5 million to

4 million tons and from 1.7 million to 4 million tons annually. The plant at Bhilai is the largest and most advanced ferrous metallurgy enterprise in the nation. Since it began operating it has produced 33.4 million tons of steel and 27 million tons of rolled metal. Its products are exported to more than 40 nations. In Turkey all the facilities for a metallurgical plant under construction with USSR assistance in Iskenderun were placed into operation at the beginning of last year. Work was in full swing to increase its capacity of 1 million tons of steel per year to 2.2 million tons.

A total of 230 petroleum refining and chemical industry enterprises have been built, are under construction or are scheduled for construction with the assistance of CEMA nations. The following are just a few of them. Bulgaria is helping Libya with the construction of a refinery with a capacity of 5 million tons per year in the city of Zawilah. The USSR has completed delivery of equipment to India for a refinery in Mathura. It will have a capacity of 6 million tons of oil per year. An agreement has been signed with Afghanistan providing for assistance with the construction of a refinery with a capacity of 500,000 tons per year.

A total of 200 machine-building and metalworking enterprises have been built or are scheduled for construction in the developing states with the assistance of CEMA nations. Last year, for example, plants for the production of shaft-mining equipment, heavy machines, heavy power-engineering machines and electrical equipment were placed into operation in India; a motor vehicle repair plant in Afghanistan; machine-building enterprises in Iraq and Iran; machine-tool building plants in the Yemen Arab Republic and India; and tractor plants in India and Iraq. With USSR assistance alone 44 machine-building and metal-processing enterprises have been placed into operation as of 1 January 1979.

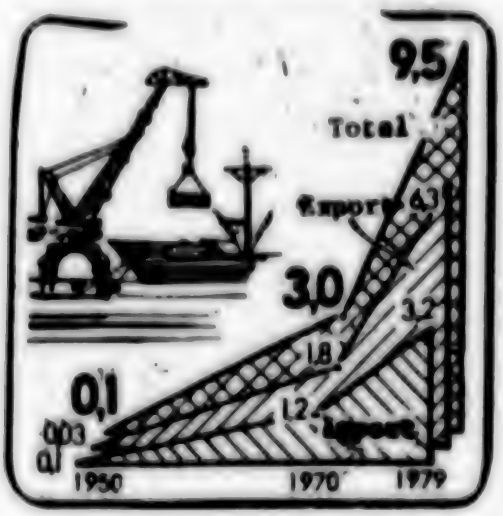
Exploration for and the development of mineral deposits is an important area of cooperation between the CEMA members and the new nations. The socialist countries are helping 38 developing nations with geological survey work. They have helped discover significant reserves of oil in India and Syria, gas in Afghanistan, iron ore in Ghana and polymetalic ores in Algeria. They have had a part in the discovery of phosphates in Iran and Syria, gold in Tanzania, coking coal and iron ore in Nigeria, and bauxite in Guinea.

The CEMA countries are contributing a great deal to the resolution of the new nations' food problem and that of providing the population with consumer goods. A total of 1120 light, food and agricultural enterprises have been constructed, are under construction or are scheduled for construction with their assistance. Bulgaria, for example, helped Algeria build a huge textile combine, which meets around 15 percent of the nation's need for fabrics, and provided the equipment for its second largest plant for the production of shoe leather. Nigeria received equipment for a textile factory and the Sudan acquired equipment for a meat combine from Bulgaria. Hungary is helping to build food industry enterprises in Algeria, Libya and India. The GDR helped with the construction of seven rice-cleaning enterprises in Guinea and of grain storage facilities and large grain mills in Iraq.

Our nation is helping the People's Democratic Republic of Yemen with the construction of dams, main canals and irrigation systems covering an area of 11,000 hectares, with the drilling and equipment of irrigation wells, the compilation of a plan for the use of land and water resources in the Hadhramaut Valley, and the development of land readied for irrigation by supplying the agricultural and transport equipment. A fishing port is being built in Aden with the assistance of Soviet specialists and workers. Various projects are under construction in Afghanistan, Iraq, Syria, India, Iran, Angola, Guinea-Bissau and other developing nations.

A total of 10 light industry enterprises, 24 food industry enterprises, 42 milling and groat-processing and feed concentrate enterprises, and 75 agricultural enterprises and facilities had been placed into operation in the developing nations with USSR assistance at the beginning of 1979.

Growth of Soviet Foreign Trade with the Developing States
(In Current Prices For the Corresponding Years: Billions of Rubles)

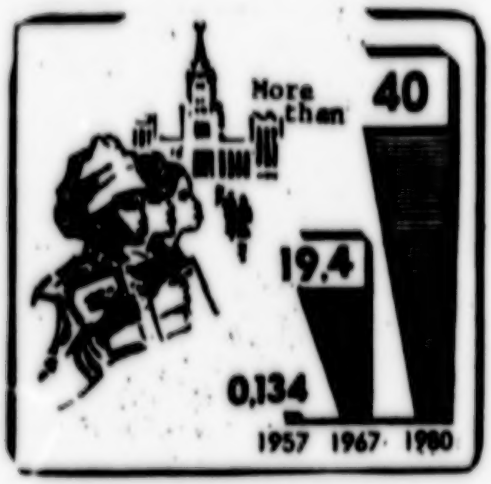


Trade and economic cooperation continues to develop between the CEMA countries and the new nations of Asia, Africa and Latin America. Trade turnover between the commonwealth nations and those countries increased 32-fold during the period 1951-1978. The commonwealth countries maintain stable trade relations with more than 100 developing nations. Machinery and equipment (including complete enterprises) accounts for approximately 40 percent of the exports by countries of the socialist commonwealth to those nations. In 1979 the Soviet Union traded with 89 countries of Asia, Africa and Latin America. The trade turnover between the USSR and those countries increased 10.9 percent last year. Soviet exports to the new nations consist mainly of machinery and equipment for machine-building, metallurgy, power engineering, the development of industrial raw materials, and oil and gas extraction. In recent years, for example, machinery, equipment and transport means accounted for around 60 percent of the USSR's exports to Afghanistan, Mali and Mexico; around 70 percent of its exports to the People's Democratic Republic of Yemen, Iraq and Argentina; up to 90 percent of its exports to Mozambique; and more than 90 percent of its exports to Angola, Madagascar,

Ethiopia and Peru. Imports from the new nations consist of products of their national industries and agriculture. Finished articles and semifinished items have accounted for an increasing portion of their imports in recent years.

The CEMA countries are providing the developing nations with a great deal of assistance with the resolution of their acute national workforce problem by training specialists for industry, agriculture, science and culture. Trained personnel and skilled workers are being prepared in the new nations in the process of building, installing and operating industrial enterprises and facilities, and at educational institutions built with the assistance of CEMA countries. In addition, citizens from the developing countries are acquiring various specialties at educational institutions, at enterprises and in laboratories of the commonwealth nations.

Number of Citizens of Developing Nations
Studying at Higher and Secondary Specialized Educational Institutions
of the CEMA Countries (Thousands)



More than 1 million citizens of new nations have obtained skills in the construction and operation of industrial and other facilities.

More than 250 higher and secondary educational institutions and training centers have been built or are under construction in the developing nations with assistance from the CEMA countries. The Soviet Union has commitments to provide assistance to new nations in the construction of 210 educational institutions of various types, 140 of which began operating at the beginning of 1980. These include an industrial teachers' tekhnikum in Huambo, vocational and technical training centers for operators of agricultural machinery in Malange, (Lubango) and (Ngunze) and a center for the training of auto mechanics in Lobito in Angola; two training centers in Basra, Iraq, which will simultaneously train 1200 specialists for the machine-building, chemical and petrochemical industries; and many other educational institutions in various countries.

Higher and secondary specialized educational institutions of the CEMA nations have already trained around 43,000 specialists from among the citizens of developing nations. In the USSR, among other institutions, the Patrice Lumumba University of Friendship of Peoples has been training specialists for the new nations for two decades. The Stipend Fund, created by the CEMA countries, has functioned since the 1974-1975 school year. Around 2500 students from 47 developing nations are currently studying with CEMA stipends at higher educational institutions of the commonwealth countries.

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BRIEFS

FREIGHT FOR AFGHANISTAN--A heavy train loaded with equipment for enterprises, construction materials, petroleum products, seed and other cargo for the national economy left Ashkhabad for the border town of Kushka. From there it will be delivered by truck to various cities and provinces in Afghanistan. The freight turnover between Turkmenistan and Afghanistan has increased almost 3-fold since the April revolution. Cargo for the national economy is sent to the nation through the Central Asian republics, as well as by air. It always has a "green light." Afghanistan sends its traditional exports--raw leather, wool, fruits and others--to the USSR by the same transport means. [Text] [Ashkhabad TURKMENSKAYA ISKRA in Russian 28 Oct 80 p 4] 11499

USSR-MOZAMBIQUE COOPERATION--The fourth session of the joint Soviet-Mozambique Commission on Ocean Shipping has been concluded in Moscow. The Soviet delegation to the talks was headed by S. M. Sakharov, a member of the Board of the USSR Ministry of the Maritime Fleet, and the Mozambique delegation was led by (A. Vali Mokhaned), national director of sea and river transport for the People's Republic of Mozambique. The talks, conducted in an atmosphere of earnestness and openness, covered questions of bilateral relations in the area of sea shipping and cooperation within the framework of international maritime organizations. There was an exchange of opinions on current world shipping problems. The participants expressed satisfaction with the level of relations achieved and outlined a number of specific steps to further the development of cooperation in the area of sea transport, including the training of personnel for the merchant fleet of the People's Republic of Mozambique. The next, fifth, session of the joint commission will be held in Mozambique in November of 1981. [Text] [Moscow VODNYY TRANSPORT in Russian 28 Oct 80 p 4] 11499

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13 Jan. 1981

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